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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MATTHEW TANG

Appeal 2015-006775
Application 12/469,210
Technology Center 3700

Before THOMAS F. SMEGAL, ERIC C. JESCHKE, and
BRENT M. DOUGAL, *Administrative Patent Judges*.

JESCHKE, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Matthew Tang (“Appellant”) seeks review under 35 U.S.C. § 134(a) of the Examiner’s decision, as set forth in the Final Office Action dated August 15, 2014 (“Final Act.”), and as further explained in the Advisory Action dated October 23, 2014 (“Adv. Act.”), rejecting claims 1–21.¹ We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Appellant identifies Bally Gaming, Inc. as the real party in interest. Appeal Br. 2.

BACKGROUND

The disclosed subject matter “relates to the general field of games of chance and, more particularly, to improvements in the game of Asia Poker.”

Spec. ¶ 2. Claims 1 and 14 are independent. Claim 1 is reproduced below:

1. A method of administering a wagering game, comprising:

accepting an ante wager from a player by receiving a physical, monetarily valuable wagering element in a first designated area on a playing surface of a gaming table;

accepting an optional bonus wager from the player by receiving another physical, monetarily valuable wagering element in a second designated area on the playing surface of the gaming table, the second designated area being separate and distinct from the first designated area;

dealing seven physical, randomized cards from a deck comprising 52 standard playing cards to each of the player and a dealer;

accepting the player's arrangement of the cards dealt to the player into a four-card high player hand, a two-card medium player hand, and a one-card low player hand or arranging the cards dealt to the player into a four-card high player hand, a two-card medium player hand, and a one-card low player hand;

arranging the cards dealt to the dealer a four-card high dealer hand, a two-card medium dealer hand, and a one-card low dealer hand;

resolving the ante wager by comparing the high player hand to the high dealer hand, the medium player hand to the medium dealer hand, and the low player hand to the low dealer hand;

paying a payout on the ante wager to the player when two of the high player hand, medium player hand, and low player hand outrank a corresponding two of the high dealer hand, medium dealer hand, and low dealer hand, respectively, by physically transferring monetarily valuable wagering elements to the player;

collecting an amount of the ante wager when two of the high player hand, medium player hand, and low player hand are outranked by a corresponding two of the high dealer hand, medium dealer hand, and low dealer hand, respectively, by physically retrieving each wagering element associated with the ante wager;

resolving the optional bonus wager by comparing a seven-card player hand composed of all cards dealt to the player to a set of predetermined winning hands;

paying a payout on the optional bonus wager to the player when a rank of the seven-card player hand is the same as a rank of a predetermined winning hand from the set of predetermined winning hands by physically transferring monetarily valuable wagering elements to the player; and

collecting an amount of the optional bonus wager when the rank of the seven-card player hand is not the same as the rank of any predetermined winning hand from the set of predetermined winning hands by physically retrieving each wagering element associated with the optional bonus wager.

REJECTIONS

1. Claims 1–21 stand rejected under 35 U.S.C. § 101 as directed to patent-ineligible subject matter.

2. Claims 1, 2, 6, 10–15, and 18–21 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Tang (US 2007/0035091 A1, published Feb. 15, 2007) and Snow (US 7,905,770 B2, issued Mar. 15, 2011).

3. Claims 3–5, 8, and 17 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Tang, Snow, and Webb (US 2007/0066376 A1, published Mar. 22, 2007).

4. Claim 7 stands rejected under 35 U.S.C. § 103(a) as unpatentable over Tang, Snow, and Lo (US 2005/0001378 A1, published Jan. 6, 2005).

5. Claim 9 stands rejected under 35 U.S.C. § 103(a) as unpatentable over Tang, Snow, and Perrie (US 2007/0170652 A1, published July 26, 2007).

6. Claim 16 stands rejected under 35 U.S.C. § 103(a) as unpatentable over Tang, Snow, and Admitted Prior Art.

DISCUSSION

Rejection 1 – The rejection of claims 1–21 under 35 U.S.C. § 101

Appellant argues the claims subject to this rejection as a group. Appeal Br. 8–14. We select claim 1 as representative, with the remaining claims standing or falling with claim 1. 37 C.F.R. § 41.37(c)(1)(iv) (2014).

The Supreme Court has set forth “a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas

from those that claim patent-eligible applications of those concepts.” *Alice Corp. v. CLS Bank Int’l*, 134 S.Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 132 S.Ct. 1289, 1294 (2012)). Under that framework, we first “determine whether the claims at issue are directed to one of those patent-ineligible concepts”—i.e., a law of nature, a natural phenomenon, or an abstract idea. *Id.* If so, we secondly “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application. *Id.* (quoting *Mayo*, 132 S.Ct. at 1298, 1297). The Supreme Court has described the second step of the analysis as “a search for an ‘inventive concept’—i.e., an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (alteration in original) (quoting *Mayo*, 132 S.Ct. at 1294).

A. First Step

As to the first step under the Supreme Court’s framework, the Examiner states that claim 1 is “directed to a method of administering a wagering game, which is an abstract idea in the same way managing a game of bingo is an abstract idea.” Ans. 2. Below, we address each of Appellant’s four arguments regarding the first step.

First, Appellant argues that “[t]he claims are not ‘directed to’ the identified idea of ‘a method of administering a wagering game’ because they do not preempt all possible ‘method[s] of administering a wagering game.’” Reply Br. 2. According to Appellant, “[t]he claims do not even preempt all

possible implementations of the particular card games involved in the claims and described in the specification.” *Id.*

In the discussion of preemption quoted in part by Appellant (*see* Reply Br. 3), the Supreme Court stated that “patents that . . . integrate the building blocks [of human ingenuity] into something more, []thereby transforming them into a patent-eligible invention . . . pose no risk of preemption, and therefore remain eligible for the monopoly granted under our patent laws.” *Alice*, 134 S.Ct. at 2355–56 (citations and quotations omitted). The concern regarding preemption is one, however, that “undergirds [the Supreme Court’s] § 101 jurisprudence” overall (*id.* at 2358); it is not an issue addressed in the first step of the analysis. *Cf., e.g., DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1259 (Fed. Cir. 2014) (discussing preemption in the context of the *second* step of the analysis). In other words, in the first step of the analysis, the issue is not whether the claims preempt all possible implementations of the identified abstract idea; rather, the issue is “the ‘focus’ of the claims, their ‘character as a whole.’” *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (quoting *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016) and *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). In contrast, the second step, when reached, looks “more precisely at what the claim elements add.” *Id.* Here, we are not apprised of error in the Examiner’s identification of what claim 1 is “directed to.”

Second, Appellant contends that “the claims are not ‘directed to’ the identified idea because they involve inventive concepts that distinguish them from the identified idea.” Reply Br. 3; *see also* Appeal Br. 10 (arguing that “the claims recite a specific, particular, set of actions to be performed when

administering a novel and nonobvious wagering game”). Appellant argues, “[s]pecifically, the claims require that an optional bonus wager be resolved by comparing a seven-card hand composed of all cards dealt to the player be compared to a set of predetermined winning hands, which is not anticipated or rendered obvious by the prior art” and the claims also “require that the novel and nonobvious bonus-wager-resolution mechanic be administered utilizing physical objects, such as, for example, the table, layout, cards, and chips.” *Id.* Appellant contends that “like the claims in *DDR Holdings*, the ideas wrapped up in the claims represent an advance in the technical field of wagering game administration, resulting in high payout awards for low risk amounts and increased depth of play.” Appeal Br. 10 (citing *DDR Holdings*, 773 F.3d at 1258; Spec. ¶ 39).

Here, Appellant asserts error in the first step of the analysis because claim 1, for example, requires a certain set of actions more specific than the identified abstract idea: “a method of administering a wagering game.” As discussed above, however, in the first step of the analysis, one looks at “the focus of the claims, their character as a whole.” *Elec. Power*, 830 F.3d at 1353 (quotations omitted). Moreover, the discussion in *DDR Holdings* identified by Appellant relates to the second step of the analysis. Thus, this argument does not show error in the first step of the analysis.²

Third, Appellant argues “[l]ike the claims in *DDR Holdings*, the claims on appeal ‘do not recite a mathematical algorithm’; ‘[n]or do they recite a fundamental economic or longstanding commercial practice.’” Appeal Br. 10 (quoting *DDR Holdings*, 773 F.3d at 1257).

² Below, we address a similar argument in Appellant’s first argument regarding the second step of the analysis.

As an initial matter, in *DDR Holdings*, the Federal Circuit did not indicate that the possibilities listed represent the *entire scope* of possible abstract ideas. *See DDR Holdings*, 773 F.3d at 1257. Moreover, in a decision issuing after the briefing in this appeal, the Federal Circuit addressed a § 101 rejection of claims directed to a “method of conducting a wagering game.” *In re Smith*, 815 F.3d 816, 817 (Fed. Cir. 2016). There, the court stated: “On the first step, we conclude that Applicants’ claims, directed to rules for conducting a wagering game, compare to other ‘fundamental economic practice[s]’ found abstract by the Supreme Court.” *Id.* at 818. For these reasons, this argument does not apprise us of error in the determination that claim 1 is directed to “a method of administering a wagering game” and that that is an abstract idea. *See* Ans. 2; *see also Smith*, 815 F.3d at 819 (“[W]e conclude that the rejected claims, describing a set of rules for a game, are drawn to an abstract idea.”).

Fourth, Appellant argues that “the ideas wrapped up in the claim are recited as being physically implemented, such that they could not be performed with the human mind.” Appeal Br. 11. Appellant states:

For example, the claims require (1) “a gaming table,” (2) “a playing surface,” (3) “designated area[s]” for wagering that a[re] “distinct” from one another, (4) “physical, monetarily valuable wagering element[s],” and (5) “physical, randomized cards from a deck comprising 52 standard playing cards,” and recite the particular positioning and movement of these physical elements relative to one another during the various acts taken when performing the methods, resulting in the ultimate redistribution of monetary value.

Id.

“[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.” *CyberSource Corp.*

v. Retail Decisions, Inc., 654 F.3d 1366, 1373 (Fed. Cir. 2011). It does not logically follow, however, that methods involving at least one physical object—i.e., that arguably cannot be performed entirely in the human mind—are therefore *not* directed to abstract ideas. For example, in *In re Smith*, the recited method “describing a set of rules for a game” was “drawn to an abstract idea” despite, for example, including the step of a “dealer providing at least one deck of . . . physical playing cards and shuffling the physical playing cards.” *Smith*, 815 F.3d at 819, 817. Thus, we are not apprised of error based on Appellant’s fourth argument regarding the first step of the analysis.

B. Second Step

We turn now to the second step under the Supreme Court’s framework, regarding which the Examiner states:

The claim(s) does/do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the use of cards and card table, when considered separately and in combination, do not add significantly more to the abstract idea. Specifically, claims 1–21 include physical cards, gaming table with surface and designated areas and physical, monetarily valuable wagering elements (i.e. wager tokens). These are traditional and known wagering game structures. They do not add significantly more to the abstract idea of game steps for a wagering game.

Ans. 2–3.

Below, we address each of Appellant’s three arguments regarding the second step of the analysis.

First, Appellant argues that “claims 1 through 21 recite significantly more than an abstract idea because they involve improvements to the technical field of wagering game administration and involve unconventional

actions that confine the claim to the particular useful application of a live, dealer-administered, table game.” Appeal Br. 12. Specifically, Appellant contends that “the wagering game involved in claims 1 through 21 is a novel and nonobvious modification of Asia Poker adding a unique side wager against a pay table in a live, dealer-administered, table game format.” *Id.*

Even assuming that claim 1 is “a novel and nonobvious modification,” as the Supreme Court has stated, “[t]he ‘novelty’ of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981). Thus, we are not apprised of error based on this argument.

Second, Appellant argues that “claims 1 through 21 recite particular apparatuses that are required to perform the claimed method steps,” relying on the same examples provided for the fourth argument regarding the first step of the analysis. Appeal Br. 12. In support, Appellant states “[w]hen a claim requires implementation using one or more particular apparatuses, the claim recites patent-eligible subject matter.” *Id.* (citing *Bilski v. Kappos*, 561 U.S. 593, 602 (2010)). Appellant argues that “the physical instantiation of these elements, such that the method is tangibly implemented, weighs in favor of patent-eligibility.” *Id.* (citing MPEP § 2106(II)(B)(1)(d)). Appellant contends that “physical gambling equipment, physical betting areas, specific types of physical playing cards, and the transfer of monetary value in connection with wagers render the subject matter of a claim patent-eligible.” *Id.* at 13.

We are not apprised of error based on this argument. Although the machine-or-transformation test remains a “useful and important clue . . . for

determining whether some claimed inventions are processes under § 101,” the “machine” prong requires the process to be “tied to a *particular* machine or apparatus.” *Bilski*, 561 U.S. at 604, 602 (emphasis added). Here, Appellant has not shown error in the Examiner’s position that “physical cards, gaming table with surface and designated areas and physical, monetarily valuable wagering elements (i.e. wager tokens),” as generally required by claim 1, are “traditional and known wagering game structures.” Ans. 2–3. Appending such routine and conventional steps to an abstract idea—here, the rules of a specific variation of poker—does not transform that abstract idea to patent-eligible subject matter. *See Alice*, 134 S.Ct. at 2359–60.

For example, Appellant argues that “explicitly requiring that a deck of cards be used when administering a wagering game, such as when dealing cards, manipulating cards, and resolving wagers, may not be ignored when evaluating whether a claim is tied to a particular machine or apparatus.” Reply Br. 4; *see also* Appeal Br. 13 (arguing that, *inter alia*, “specific types of physical playing cards . . . render the subject matter of a claim patent-eligible”). As to cards required, however, claim 1 merely recites “dealing seven physical, randomized cards from *a deck comprising 52 standard playing cards* to each of the player and a dealer.” Appeal Br. 25 (Claims App.) (emphasis added). Addressing similar facts in *In re Smith*, the Federal Circuit stated that “shuffling and dealing a standard deck of cards are ‘purely conventional’ activities.” *Smith*, 815 F.3d at 819.³

³ As to Appellant’s reliance on various nonprecedential decisions by this tribunal (*see* Appeal Br. 13; Reply Br. 3–4), we are not bound by those

Third, Appellant argues that we should not follow the decision in *Ex parte Moody*, No. 2012-011691, 2014 WL 7330652 (PTAB Dec. 23, 2014).⁴ Appellant contends that “the outcome reached in *Moody* should not be followed in this appeal because the outcome is at odds with the patent statute and Supreme Court precedent” and because “the claims on appeal are distinguishable from the claims rejected in *Moody*.” Appeal Br. 13, 14. We need not rely on the nonprecedential decision in *Ex parte Moody* because binding precedent from the Federal Circuit supports the Examiner’s positions. *See Smith*, 815 F.3d at 817–20.

For the reasons above, we sustain the rejection of claim 1 under 35 U.S.C. § 101 as directed to patent-ineligible subject matter. Claims 2–21 fall with claim 1.

*Rejection 2 – The rejection of claims 1, 2, 6, 10–15,
and 18–21 under 35 U.S.C. § 103(a)*

Independent claims 1 and 14 both recite a “method of administering a wagering game, comprising,” among other steps: (1) “accepting an optional bonus wager from the player” and (2) “resolving the optional bonus wager by comparing a seven-card player hand composed of all cards dealt to the player to a set of predetermined winning hands.” Appeal Br. 25–26, 29–30 (Claims App.).⁵ The Examiner finds that Tang does not disclose these steps but that Snow “discloses such features to be known in the art.” *See* Final Act. 5–6.

decisions.

⁴ As noted by Appellant, the claim at issue in *Moody* related to “a method of playing a poker card game.” Appeal Br. 13; *see also Moody*, 2014 WL 7330652, at *1.

⁵ We refer to the second of these steps as the “resolving” step.

Appellant argues that “Snow teaches accepting an optional bonus side game bet, resolving the bonus side game bet by comparing a best five-card hand from the player’s seven cards to a pay table, and paying a payout when the player holds a five-card hand of a minimum rank or higher.” Appeal Br. 16 (citing Snow, col. 7, ll. 3–5, 15–19, 29–43). Appellant states, “[i]n other words, the bonus side game bet taught in Snow does not involve comparing a seven-card hand composed of all cards dealt to the player to a set of predetermined winning hands, as required by claim 1, because only five of the seven cards are used.” *Id.* We agree.

Snow discloses an “optional or mandatory bonus game side bet wager” (col. 7, ll. 4–5), but discloses that resolving that wager involves players “examin[ing] their seven cards and creat[ing] a best five-card poker hand” (col. 7, ll. 17–18) before “compar[ing] their best five-card poker hand] to the pay table” (col. 7, ll. 44–45). Thus, Snow discloses each player “examining” their seven-card hand, but only “comparing” a five-card hand to a pay table. *See also* Snow, col. 7, ll. 33–42 (showing an exemplary table of “BEST 5-CARD HAND[S]”). The Examiner takes the position that these teachings satisfy the “resolving” step. Specifically, the Examiner states:

Appellant overlooks that examiner is merely combining the following feature from secondary reference Snow: comparing a seven-card player hand composed of all cards dealt to the player to a set of predetermined winning hands. Importantly, Snow expressly discloses ‘the players . . . would then examine their seven cards’ to resolve the bonus wager against a set of predetermined winning hands.

Ans. 12 (citing Snow, col. 7, ll. 17–18).

The Examiner has not provided sufficient support to demonstrate that the broadest reasonable construction of “comparing a seven-card hand” in

the “resolving” step includes “examin[ing] their seven cards,” as disclosed in Snow. Snow, col. 7, ll. 17–18; *see also* Adv. Act. 2 (“In the instant case, Snow expressly teaches that the 7 card [hand] is examined to determine a best poker rank. This reads on ‘comparing a seven card hand composed of all cards dealt to the player.’”). Notably, Snow uses the word “compared” when describing the process involving each five-card hand and the pay table, but uses the word “examine” when describing the process of “creat[ing] a best five-card poker hand” from a seven-card hand. Thus, Snow discloses that the two cards from each player’s hand *not* selected for their “best five-card poker hand” are not “compared . . . to the pay table.” *See* Snow, col. 7, ll. 44–45; *see also* Appeal Br. 16 (“Claims 1 and 14 do not merely conclude after reciting that the seven card hand composed of all cards dealt to the player is ‘compared’ in the abstract. Rather, claims 1 and 14 require that the seven card hand composed of all cards dealt to the player be compared “to a set of predetermined winning hands.””).

Thus, we do not agree with the Examiner’s finding that Snow teaches “comparing a seven-card player hand composed of all cards dealt to the player to a set of predetermined winning hands,” as recited in claims 1 and 14. *See* Ans. 12 (“Appellant overlooks that examiner is merely combining the following feature from secondary reference Snow: comparing a seven-card player hand composed of all cards dealt to the player to a set of predetermined winning hands.”).

In a discussion added to the rejection with the Answer, the Examiner takes an alternate position that the “resolving” step is satisfied by the *combination* of Snow and Tang. *Compare* Ans. 5–7, with Final Act. 5–6. Specifically, the Examiner relies on Snow as teaching “resolving the

optional bonus wager by comparing the player's hand, composed of all cards dealt to the player to a set of predetermined winning hands" and relies on Tang and Snow as teaching "wherein 7 total cards are dealt to the player hand." Ans. 6–7 (citing Snow, col. 7). To the extent the Examiner, in this alternate position, again relies on Snow's teaching of "compar[ing their best five-card poker hand] to the pay table" (col. 7, ll. 44–45), for the reasons discussed above, those five-card hands are not "composed of all cards dealt to the player" as set forth in the Examiner's findings. *See* Ans. 6.

For these reasons, we do not sustain the rejection of independent claims 1 and 14, and also do not sustain the rejection of claims 2, 6, and 10–13 (which depend from claim 1) or claims 15 and 18–21 (which depend from claim 14).

*Rejections 3 through 6 – The rejections of claims 3–5,
7–9, 16, and 17 under 35 U.S.C. § 103(a)*

Claims 3–5 and 7–9 depend from claim 1, and claims 16 and 17 depend from claim 14. Appeal Br. 26–28, 31 (Claims App.). The Examiner's reliance on Webb (regarding Rejection 3), Lo (regarding Rejection 4), Perrie (regarding Rejection 5), and Admitted Prior Art (regarding Rejection 6) does not remedy the deficiencies in the combined teachings of Tang and Snow, discussed above (*see supra* Rejection 2). Thus, for the same reasons discussed above, we do not sustain the rejection of claims 3–5, 7–9, 16, and 17.

DECISION

We AFFIRM the decision to reject claims 1–21 under 35 U.S.C. § 101 and REVERSE the decision to reject claims 1–21 under 35 U.S.C. § 103(a).⁶

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED

⁶ See 37 C.F.R. § 41.50(a)(1) (“The affirmance of the rejection of a claim on any of the grounds specified constitutes a general affirmance of the decision of the examiner on that claim, except as to any ground specifically reversed.”).